

EXHIBIT “A”

**FOR GARY
KATLEMAN: TO
BE SUPPLIED**

Joel Katleman

UNITED STATES BANKRUPTCY COURT

In re Joel M. Kattelman*Debtor*Case No. 09-53125

Small Business Case under Chapter 11

SMALL BUSINESS MONTHLY OPERATING REPORT

Month: February 2010

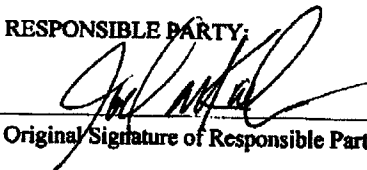
Date filed: _____

Line of Business: _____

NAISC Code: _____

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING SMALL BUSINESS MONTHLY OPERATING REPORT AND THE ACCOMPANYing ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE.

RESPONSIBLE PARTY:


 Original Signature of Responsible Party
Joel M. Kattelman

Printed Name of Responsible Party

Questionnaire: (All questions to be answered on behalf of the debtor.)

- | | Yes | No |
|---|-------------------------------------|-------------------------------------|
| 1. IS THE BUSINESS STILL OPERATING? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. HAVE YOU PAID ALL YOUR BILLS ON TIME THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. DID YOU PAY YOUR EMPLOYEES ON TIME? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. HAVE YOU DEPOSITED ALL THE RECEIPTS FOR YOUR BUSINESS INTO THE DIP ACCOUNT THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 5. HAVE YOU FILED ALL OF YOUR TAX RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 6. HAVE YOU TIMELY FILED ALL OTHER REQUIRED GOVERNMENT FILINGS? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7. HAVE YOU PAID ALL OF YOUR INSURANCE PREMIUMS THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 8. DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE U.S. TRUSTEE? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 10. HAVE YOU PAID ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 11. DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 12. HAS THE BUSINESS SOLD ANY GOODS OR PROVIDED SERVICES OR TRANSFERRED ANY ASSETS TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 13. DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

B 25C (Official Form 25C) (12/08)

- | | | |
|---|--------------------------|-------------------------------------|
| 14. HAVE YOU SOLD ANY ASSETS OTHER THAN INVENTORY THIS MONTH? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 15. DID ANY INSURANCE COMPANY CANCEL YOUR POLICY THIS MONTH? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 16. HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 17. HAS ANYONE MADE AN INVESTMENT IN YOUR BUSINESS THIS MONTH? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 18. HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

TAXES

DO YOU HAVE ANY PAST DUE TAX RETURNS OR PAST DUE POST-PETITION TAX OBLIGATIONS? ☐ ☒

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

(Exhibit A)

INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOU RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT TRANSACTIONS. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

See Schedule Feb10-1

TOTAL INCOME \$ 3,571.07**SUMMARY OF CASH ON HAND**

Cash on Hand at Start of Month	See Schedule Feb10-2	\$ <u>64,037.78</u>
Cash on Hand at End of Month	See Schedule Feb10-3	\$ <u>62,703.46</u>

PLEASE PROVIDE THE TOTAL AMOUNT OF CASH CURRENTLY AVAILABLE TO YOU TOTAL \$ 62,703.46

(Exhibit B)

EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

See Schedule Feb10-4

TOTAL EXPENSES \$ 3,081.36

(Exhibit C)

CASH PROFIT

INCOME FOR THE MONTH (TOTAL FROM EXHIBIT B)	\$ <u>3,571.07</u>
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EXPENSES FOR THE MONTH (TOTAL FROM EXHIBIT C)	\$ <u>3,081.36</u>
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(Subtract Line C from Line B)

CASH PROFIT FOR THE MONTH \$ 489.71

UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT AND WHEN THE DEBT IS DUE. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL PAYABLES \$ 0.00

(Exhibit D)

MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED AND WHEN IS PAYMENT DUE. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL RECEIVABLES \$ 0.00

(Exhibit E)

BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT OR HAD DURING THE PERIOD COVERED BY THIS REPORT.

(Exhibit F)

EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED?

NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT?

0

0

PROFESSIONAL FEES***BANKRUPTCY RELATED:***

PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD?

\$ 0.00

TOTAL PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE?

\$ 0.00

NON-BANKRUPTCY RELATED:

PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD?

\$ 0.00

TOTAL PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE?

\$ 0.00

PROJECTIONS

COMPARE YOUR ACTUAL INCOME AND EXPENSES TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

	Projected	Actual	Difference
INCOME	\$ 3,525.03	\$ 3,571.07	\$ 46.04
EXPENSES	\$ 14,609.00	\$ 3,081.36	\$ -11,527.64
CASH PROFIT	\$ 0.00	\$ 489.71	\$ 489.71

TOTAL PROJECTED INCOME FOR THE NEXT MONTH:

TOTAL PROJECTED EXPENSES FOR THE NEXT MONTH:

TOTAL PROJECTED CASH PROFIT FOR THE NEXT MONTH:

same

\$

same

\$

same

\$

ADDITIONAL INFORMATION

PLEASE ATTACH ALL FINANCIAL REPORTS INCLUDING AN INCOME STATEMENT AND BALANCE SHEET WHICH YOU PREPARE INTERNALLY.

EXHIBIT “B”

TO BE SUPPLIED

EXHIBIT “C”

Gary Katleman

In re **Gary Joel Katleman**Case No. **09-53118**
(if known)**SCHEDULE B - PERSONAL PROPERTY**

Type of Property	None	Description and Location of Property	Husband, Wife, Joint, or Community	Current Value of Debtor's Interest in Property, Without Deducting any Secured Claim or Exemption
1. Cash on hand.		Cash on hand	-	\$5,000.00
2. Checking, savings or other financial accounts, certificates of deposit or shares in banks, savings and loan, thrift, building and loan, and home-stead associations, or credit unions, brokerage houses, or cooperatives.		Checking Account No. 0530055413 Falcon Bank 19230 Stone Oak Parkway San Antonio, Texas 78258	-	\$1,500.00
		Checking Acct No. 807393905 Chase Bank 815 Evans Road San Antonio, TX 78258	-	\$32,000.00
		Checking Acct No. 500077220 First State Bank 401 Main Plaza New Braunfels, TX 78130	-	\$127,000.00
		Checking Account No. 0530055619 Falcon Bank 19230 Stone Oak Parkway San Antonio, Texas 78258 (Zoe Katleman owner)	-	\$0.00
		Checking Account No. 0530055617 Falcon Bank 19230 Stone Oak Parkway San Antonio, Texas 78258 (Sloane Katleman owner)	-	\$0.00
		Checking Acct No. 621303684 Charles Schwab 8522 Broadway San Antonio, TX 78217	-	\$6,045.70
		Checking Acct No. 2048-2431 Charles Schwab 8522 Broadway	-	\$1,269.52

In re **Gary Joel Katleman**Case No. **09-53118**
(if known)**SCHEDULE B - PERSONAL PROPERTY**

Continuation Sheet No. 1

Type of Property	None	Description and Location of Property	Husband, Wife, Joint, or Community	Current Value of Debtor's Interest in Property, Without Deducting any Secured Claim or Exemption
		San Antonio, TX 78217		
		Checking Acct No. 807393921 Chase Bank 815 Evans Road San Antonio, TX 78258 (Zoe Katleman owner)	-	\$0.00
		Checking Acct No. 807393939 Chase Bank 815 Evans Road San Antonio, TX 78258 (Sloane Katleman owner)	-	\$0.00
		Savings Acct No. 2929851950 Chase Bank 815 Evans Road San Antonio, TX 78258 (Zoe Katleman owner)	-	\$0.00
		Savings Acct No. 2929851745 Chase Bank 815 Evans Road San Antonio, TX 78258 (Sloane Katleman owner)	-	\$0.00
		IRA Account No. 4187-6288 Charles Schwab 8522 Broadway San Antonio, TX 78217	-	\$0.00
3. Security deposits with public utilities, telephone companies, landlords, and others.	X			

In re **Gary Joel Katleman**Case No. **09-53118**
(if known)**SCHEDULE B - PERSONAL PROPERTY**

Continuation Sheet No. 2

Type of Property	None	Description and Location of Property	Husband, Wife, Joint, or Community	Current Value of Debtor's Interest in Property, Without Deducting any Secured Claim or Exemption
4. Household goods and furnishings, including audio, video and computer equipment.		sofa, dinette set, two coffee tables, two desks, one longe chair, one massage chair, three beds, three upholstered chairs, one leather bench, two dressers, three LCD televisions, three TIVO boxes, two surround sound audio systems, two blue ray disc players, MacBook, one Epson printer, two nightstands, two area rugs, and two end tables	-	\$10,000.00
5. Books; pictures and other art objects; antiques; stamp, coin, record, tape, compact disc, and other collections or collectibles.		Miscellaneous art glass (three pieces)	-	\$5,000.00
		150 used books	-	\$200.00
		Three paintings	-	\$3,000.00
6. Wearing apparel.		55 long sleeve shirts 55 short sleeve shirts 45 pants three suits three jackets 18 pair of shoes five coats Woodhaven Home	-	\$1,000.00
7. Furs and jewelry.		Watch - Ulysee-Nardin	-	\$3,000.00
8. Firearms and sports, photographic, and other hobby equipment.	X			
9. Interests in insurance policies. Name insurance company of each policy and itemize surrender or refund value of each.	X			

In re **Gary Joel Katleman**Case No. **09-53118**
(if known)**SCHEDULE B - PERSONAL PROPERTY**

Continuation Sheet No. 3

Type of Property	None	Description and Location of Property	Husband, Wife, Joint, or Community	Current Value of Debtor's Interest in Property, Without Deducting any Secured Claim or Exemption
10. Annuities. Itemize and name each issuer.	X			
11. Interests in an education IRA as defined in 26 U.S.C. § 530(b)(1) or under a qualified State tuition plan as defined in 26 U.S.C. § 529(b)(1). Give particulars. (File separately the record(s) of any such interest(s). 11 U.S.C. § 521(c).)	X			
12. Interests in IRA, ERISA, Keogh, or other pension or profit sharing plans. Give particulars.		401K from Legg Mason Plan No. 101827	-	\$82,910.00
13. Stock and interests in incorporated and unincorporated businesses. Itemize.		Dial Communities, Inc. 24%	-	Unknown
14. Interests in partnerships or joint ventures. Itemize.		Stone Oak Holdings, LP 20550 Huebner Road #200 San Antonio, TX 78258 Owner of retirement community 47%	-	\$0.00
		Independence Village, Ltd. 20550 Huebner Rd. #200 San Antnoio, TX 78258 owner of retirement community	-	\$0.00
		Golden Visions, Inc. 20550 Huebner Rd. #200 San Antnoio, TX 78258	-	\$0.00
		Dominion Village, Ltd. 8 Dominium Drive San Antonio, TX	-	\$0.00

In re **Gary Joel Katleman**Case No. **09-53118**
(if known)**SCHEDULE B - PERSONAL PROPERTY**

Continuation Sheet No. 4

Type of Property	None	Description and Location of Property	Husband, Wife, Joint, or Community	Current Value of Debtor's Interest in Property, Without Deducting any Secured Claim or Exemption
		SDD, LLC 20550 Huebner Rd. #200 San Antonio, TX 78258 real estate development/construction company	-	\$0.00
		Dial Communities, Inc. 20550 Huebner Rd. #200 San Antonio, TX 78258 real estate management company	-	\$0.00
		Stone Oak Holdings, Inc. 20550 Huebner Rd. #200 San Antonio, TX 78258 General Partner for Stone Oak Holdings, LLC 48%	-	\$0.00
15. Government and corporate bonds and other negotiable and non-negotiable instruments.	X			
16. Accounts receivable.		Dominion Village, Ltd.	-	\$209,315.00
17. Alimony, maintenance, support, and property settlements to which the debtor is or may be entitled. Give particulars.		Child support arrearages due from ex-wife, Gwendolyn Drake	-	\$10,500.00
18. Other liquidated debts owed to debtor including tax refunds. Give particulars.		IRS Tax Refund - 2008 (to be applied to 2009 obligation)	-	\$14,000.00
		Service Title Co. 7334 Blanco Rd. #100 San Antonio, TX 78216 Escrow deposit due refund	-	\$2,000.00

In re **Gary Joel Kattleman**Case No. **09-53118**
(if known)**SCHEDULE B - PERSONAL PROPERTY**

Continuation Sheet No. 5

Type of Property	None	Description and Location of Property	Husband, Wife, Joint, or Community	Current Value of Debtor's Interest in Property, Without Deducting any Secured Claim or Exemption
19. Equitable or future interests, life estates, and rights or powers exercisable for the benefit of the debtor other than those listed in Schedule A - Real Property.	X			
20. Contingent and noncontingent interests in estate of a decedent, death benefit plan, life insurance policy, or trust.	X			
21. Other contingent and unliquidated claims of every nature, including tax refunds, counterclaims of the debtor, and rights to setoff claims. Give estimated value of each.		Unused retainer, Davidon & Troilo, 7550 IH-10 West #800, San Antonio, Texas 78229	-	\$5,000.00
22. Patents, copyrights, and other intellectual property. Give particulars.	X			
23. Licenses, franchises, and other general intangibles. Give particulars.	X			
24. Customer lists or other compilations containing personally identifiable information (as defined in 11 U.S.C. § 101(41A)) provided to the debtor by individuals in connection with obtaining a product or service from the debtor primarily for personal, family, or household purposes.	X			
25. Automobiles, trucks, trailers, and other vehicles and accessories.		1996 Ducati 900 SS motorcycle	-	\$3,000.00
26. Boats, motors, and accessories.	X			

In re **Gary Joel Katleman**Case No. **09-53118**
(if known)**SCHEDULE B - PERSONAL PROPERTY**

Continuation Sheet No. 6

Type of Property	None	Description and Location of Property	Husband, Wife, Joint, or Community	Current Value of Debtor's Interest in Property, Without Deducting any Secured Claim or Exemption
27. Aircraft and accessories.	X			
28. Office equipment, furnishings, and supplies.	X			
29. Machinery, fixtures, equipment, and supplies used in business.	X			
30. Inventory.	X			
31. Animals.	X			
32. Crops - growing or harvested. Give particulars.	X			
33. Farming equipment and implements.	X			
34. Farm supplies, chemicals, and feed.	X			
35. Other personal property of any kind not already listed. Itemize.		Coin collection	-	\$1,500.00
<div style="text-align: right;">6 continuation sheets attached</div> <div style="text-align: right;">Total ></div>				\$523,240.22

(Include amounts from any continuation sheets attached. Report total also on Summary of Schedules.)

**FOR JOEL
KATLEMAN: TO
BE SUPPLIED**

EXHIBIT “D”

Gary Katleman

SCHEDULE G - EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Describe all executory contracts of any nature and all unexpired leases of real or personal property. Include any timeshare interests. State nature of debtor's interest in contract, i.e., "Purchaser," "Agent," etc. State whether debtor is the lessor or lessee of a lease. Provide the names and complete mailing addresses of all other parties to each lease or contract described. If a minor child is a party to one of the leases of contracts, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See, 11 U.S.C. §112 and Fed. R. Bankr. P. 1007(m).

☐ Check this box if debtor has no executory contracts or unexpired leases.

NAME AND MAILING ADDRESS, INCLUDING ZIP CODE, OF OTHER PARTIES TO LEASE OR CONTRACT.	DESCRIPTION OF CONTRACT OR LEASE AND NATURE OF DEBTOR'S INTEREST. STATE WHETHER LEASE IS FOR NONRESIDENTIAL REAL PROPERTY. STATE CONTRACT NUMBER OF ANY GOVERNMENT CONTRACT.
First Lockhart National Bank P.O. Box 600 Lockhart, TX 78644	Car Lease Lexus LS460 Contract to be ASSUMED Contract to be ASSUMED
Southside Credit Union 3401 SW Military Dr San Antonio, TX 78224	Lexus IS 250 (Daughter's car) Contract to be ASSUMED Contract to be ASSUMED
United San Antonio F.C.U. 5500 UTSA Blvd. San Antonio, TX 78249	Honda CR-V (Employee's car) Contract to be ASSUMED Contract to be ASSUMED

**FOR JOEL
KATLEMAN: TO
BE SUPPLIED**

EXHIBIT “E”

EXHIBIT E-1

LIQUIDATION ANALYSIS

GARY JOEL KATLEMAN

Exempt property

If the Debtor were to liquidate his homestead and exempt personalty, the Debtor estimates that he would receive, in an ordinary commercial sale, approximately \$302,000.00 in cash, representing the total equity in his home and the value of the two primary exempt assets, a watch and a motorcycle.

Liquidation of non-exempt personal property

The Debtor owns, as of the date of the petition, the following items of non-exempt personalty:

As of the date of this disclosure statement:

Cash on hand and cash in bank account	\$140,000.00
The balance of the Debtor's retainer held by L&B	\$4,000.00
Other non-exempt assets	\$10,000.00

In addition, the Debtor owns equity or participation interest in the Independence Hill and Village assets, which are valued on liquidation: \$4,179,000.00

In addition, the Debtor owns an interest in Dial Communities which is valued at \$50,000.00.

However, a 90 day liquidation value for the Dial and Independence assets is \$628,000.00.

The Debtor owns equity interests in Dominion Village and is owed about \$50,000.00 by Dominion Village. Because that project is not complete and the Debtor believes that, were the construction to stop and funding be halted with a resulting foreclosure, there will be nothing realized, the Debtor believes that his current interests in and loans to the Dominion Village property should be valued at \$0.00.

Further, the Debtor believes that, if there were liquidation of his interest in the Dominion Village, which the Debtor anticipates would only be upon a foreclosure by Falcon National Bank that, in fact, a liquidation of the Debtor in a Chapter 7 context would generate a claim by Falcon National Bank of not less than \$10 million jointly and severely against the Debtor and the other guarantors of the Falcon National Bank debt. Therefore, in a liquidation, the Debtor believes that his net worth, not including exempt assets, would be approximately a negative \$5 million.

Depending upon the amount bid at foreclosure, the joint and several debt obligation to Falcon National Bank could easily exceed \$12 million.

**FOR JOEL
KATLEMAN:
TO BE SUPPLIED**